

JANUARY 2015

FINANCIAL OVERVIEW & KEY RISK AREAS

DP Income

Year to date actual income is £14.3M against a BV2 year to date budget of £13.5M, which is 6% higher than originally forecast.

Cash Underspend

The dedicated project group has identified business needs across the estate and IT budgets' where excess income and a projected underspend could be spent. The risk of a material underspend has been reduced, however this is an ongoing risk and continues to be closely monitored coming into the final months of the financial year.

Management Accounts

From February 2015, a 'new look' management accounts format will be rolled out. The aim of the new accounts is to increase the granularity and transparency of all income and expenditure to support finance steering and ET in business decisions. This report will be rolled out at departmental level to budget holders for the new financial year.

INCOME

Grant-in-aid for freedom of information activities

The grant-in-aid available for drawdown over 2014-15 is £3.75M. This has been profiled as four quarterly tranches of £937.5k. The final tranche has been paid in January 2015.

It has been agreed with the MOJ that we will take a £50k reduction in Grant in Aid, this has been reflected in 'Other income'.

Data Protection fees processed

The table below shows the actuals vs budget BV2 which we will report against until BV3 is formally approved. Our fee income for January was £1.6M, 7% higher than projected. The total year to date figure is £14.3M, 6% more than our BV2 budget year to date of £13.5M. We are expecting a full year income of between £16.9M and £17.2M.

£000	Budget (BV2)	Actual	Variance
2014 April	1,395	1,281	-114
2014 May	1,259	1,280	+21
2014 June	1,157	1,432	+275
2014 July	1,358	1,456	+98
2014 August	1,228	1,303	+75

2014 September	1,392	1,514	+122
2014 October	1,611	1,812	+201
2014 November	1,517	1,433	-84
2014 December	1,022	1,118	+96
2015 January	1,528	1,632	+104
Year to date	13,466	14,258	+792

The fee income receipt mix is:

£000	Cheque	%	BACS	%	Direct Debit	%	Credit Cards	%	Refund	%
Apr-14	322	25%	55	4%	582	45%	325	25%	-4	0%
May-14	316	25%	65	5%	556	43%	345	27%	-2	0%
Jun-14	404	28%	76	5%	597	42%	359	25%	-5	0%
Jul-14	331	23%	48	3%	646	44%	433	30%	-2	0%
Aug-14	295	23%	51	4%	588	45%	374	29%	-4	0%
Sep-14	350	23%	72	5%	640	42%	456	30%	-4	0%
Oct-14	464	26%	80	4%	757	42%	513	28%	-2	0%
Nov-14	352	25%	57	4%	622	43%	406	28%	-4	0%
Dec-14	239	21%	45	4%	475	42%	364	33%	-5	0%
Jan-15	379	23%	51	3%	699	43%	505	31%	-3	0%
Year to date	3,452	24%	600	4%	6,162	43%	4,080	29%	-35	0%

EXPENDITURE

Spending controls

The ICO is complying with the Cabinet Office Spending Controls Guidance v 3.2

<https://www.gov.uk/government/publications/cabinet-office-controls/cabinet-office-controls-guidance-version-32>

We are also required to obtain specific MOJ approval for any IT or communications spend over £50k for individual projects. We have received approval from the MOJ for the 2014-15 IS budget. We will thus only be required to report spend over £50k not included in the original budget. No such spend has occurred to date.

We have now received approval from Cabinet Office for additional spending on the redevelopment of the website.

Total staff costs

Staffing levels/FTE	Payroll	Agency	Total	Complement	Vacant Posts
2014 April	353.5	16.0	369.5	383.0	(13.5)
2014 May	353.4	16.6	370.0	383.0	(13.0)
2014 June	354.2	14.6	368.8	383.0	(14.2)
2014 July	363.4	16.6	380.0	383.0	(3.0)
2014 August	361.2	16.0	377.2	383.0	(5.8)
2014 September	370.5	16.0	386.5	383.0	3.5
2014 October	370.4	16.4	386.5	383.0	3.8
2014 November	364.0	17.0	380.5	383.0	(2.5)
2014 December	364.50	11.40	375.90	383.0	(7.1)
2015 January	368.40	12.80	381.20	383.0	(1.80)

Overtime year to date is 33% less than expected due to less overtime required than expected. Forecast for the year is £40k, 50% less than budgeted. This underspend has been factored into the cash mitigation plan.

To mitigate underspend in the key business areas, additional resources under 'agency staff' has resulted in a planned overspend of 71% year to date.

Overall staff costs, i.e. permanent and agency combined, to date are in line with budget and expected to remain so for the year.

Once the pay deal has been confirmed for payment, actual costs for this will be recognised in the current financial year either paid or accrued. This is unlikely to be significantly different to the original 418k budgeted.

Total estate costs

Property rates are underspent by 20% due to receipt of the rebate (44k) negotiated on Wycliffe House.

It is thought that some property license costs have been included in 'other costs' in error causing an apparent underspend of 18%. This will be rectified on the new look management accounts, being rolled out in February 2015.

Fuel and utilities is 16% under budget; this is expected to increase in the next two months as a result of the colder weather.

Overall estate costs are expected to be in line with the budget.

IS and telecommunications

Service delivery and contracted services are slightly over budget. Following a budget review, we now expect costs to be 50k over budget overall.

As previously reported, online development costs have been reviewed and have been found to be capital in nature rather than revenue which has reduced the 'online development' budget line within the IS budget, hence the apparent underspend of 99%. This budget has been therefore been allocated within the IS projects overall spend.

Overall IT & Telecommunications is in line with the budget. There is a greater need for transparency across the budget spends in order to accurately code and account for this budget. A more detailed budget report is being developed and significant work has been done to move the costs into the disparate areas of IT service delivery and projects. This will be reflected within February's management report.

Banking and finance costs

Card commission charges were originally forecast at £5.5k pcm, actual costs are between £4-5k generating a year to date saving of 24%. This expenditure is expected to rise due to the increase in card transactions from DP payments.

Bank charges for 2014-15 have been negotiated and agreed at £40k for the year, saving £11k (21%) overall. Discussions are underway with RBS as to bank charges for 2015/16, although this is expected to stay consistent with the current year at £40k.

Staff travel and other costs

Recruitment costs are 53% over budget year to date, directly linked to the staff recruitment drive mentioned above in staff costs.

Overseas travel is lower than expected (11%), this is mainly due to a largely unpredictable profile of spend, it is expected to come in under budget at the year end but not by any material amount.

Other costs are as expected.

Printing, postage and office stationery

There is an overall underspend of 14% in this area. This is largely attributed to savings generated by value for money procurement and tighter controls in relation to stationary purchasing.

Equipment and repairs costs are expected to rise as part of the planned estate works that will minimise our risk of underspend and also realise some of our potential dilapidation obligations on Wycliffe House.

Other expenditure

Communications spend year to date is above budget by 47%. This is due to some prepayments included in the spend for the European spring conference in May 2015, these will be reflected in the year end accounts when all costs are known.

There are some costs that relate to the DP practitioner conference in March 2015 which we charge delegates for attendance, £40k estimated income has been accrued against these costs.

We are also expecting to overspend in the communications budget to reduce a risk of underspend in other areas by circa £70k (7%). £60k of this is for additional enforcement conferences.

HR legal costs are 43% behind budget due to less contentious cases than expected and a high recovery rate.

DP Enforcement legal costs are 57% under budget, however there are significant cases that will incur greater legal costs coming up in the final quarter. One case has slipped into the following year so overall legal costs are expected to be under budget.

Specialist translations and library subscriptions are profiled over a straight line and can fluctuate month on month, variations are considered immaterial.

'Specialist support other' spend relates to £6k spend on the external agent contracted to negotiate the rates on Wycliffe House, £6k contribution towards the Global Privacy Enforcement Network and less than 1k on companies house searches and other such support.

Only £10k was budgeted for professional subscriptions in the current year compared to £15k in the previous. Spend is expected to be £15k overall. For this reason, current position is 32% over budget.

All other expenditure is in line with expectations.

CAPITAL EXPENDITURE

The year to date capital spend is £434k (31% behind the revised budget). Although this remains at a low position, this has significantly increased in the last few months as projects are spending. Expectation is that the capital spend will be in line with budgets.

Budget Virements

Budget virements as detailed below have now been agreed at ET. The budget will be amended to reflect the following changes in February management accounts. Please note, the MOJ approved BV budgets will not change and will be reported against quarterly from the start of 2014/15 financial year.

Summary of Changes	Underspend	Overspend
Fee income	473,000	
Other income		50,000
Over time	40,000	
Agency staff		162,000
Rates	44,000	
Other property costs		33,000
Online development	200,000	
Procurement advice		10,000
Bank charges	11,000	
Card commissions	5,000	
Health and safety		4,000
Staff recruitment costs		30,000
HR support costs		10,000
Furniture and equipment		114,000
Equipment and repairs		5,000
Stationery	10,000	
Communications		65,000
Library and subs regions	3,000	
Professional subscriptions		3,000

Simon Entwisle, Deputy Chief Executive Officer
January 2015

MANAGEMENT REPORT: JAN 2015				
RESOURCE DEL	BV2 BUDGET Full Year	BV2 BUDGET Year to date	ACTUAL Year to date	VARIANCE %
Payroll - gross	10,536,634	8,324,965	8,193,873	-2%
Payroll - NEBM	50,500	42,083	42,083	0%
Payroll - overtime	80,000	60,995	40,714	-33%
Payroll - pensions	1,821,263	1,494,828	1,453,412	-3%
Payroll - ers nic	708,269	580,732	532,945	-8%
Agency staff	170,000	170,000	290,991	71%
Pay architecture	418,500	-	-	0%
TOTAL STAFF COSTS	13,785,165	10,673,602	10,554,017	-1%
Property rent	782,640	782,640	775,022	-1%
Property rates	234,000	234,000	187,143	-20%
Property licences	92,500	77,080	62,911	-18%
Fuel and utilities	82,500	66,500	55,662	-16%
Other property costs	131,153	120,000	126,897	6%
TOTAL ESTATE COSTS	1,322,793	1,280,220	1,207,634	-6%
Consultancy	-	-	5,908	0%
- contracted Services	1,950,000	1,640,000	1,689,832	3%
- GSI	145,000	108,750	134,362	24%
- development	180,000	140,000	143,214	2%
- online development	200,000	152,000	1,077	-99%
- telecoms	100,000	85,000	99,405	17%
-notification printing and postage	145,000	125,000	139,554	12%
IT and telecommunications	2,720,000	2,250,750	2,207,444	-2%
- bank charges	51,000	42,500	30,290	-29%
- card commissions	75,000	60,574	45,856	-24%
Banking and finance	126,000	103,074	76,146	-26%
- health and safety	25,000	22,000	23,599	7%
- learning and development	125,000	115,000	112,431	-2%
- conference attendances	15,000	10,000	8,977	-10%
- staff recruitment costs	30,000	30,000	45,849	53%
- HR support costs	55,000	48,000	47,293	-1%
- travel and subsistence UK	335,000	275,000	259,148	-6%
- travel and subsistence Overseas	40,000	33,000	29,513	-11%
- hospitality	-	-	1,447	0%
Staff travel and other	625,000	533,000	528,256	-1%
- postage	65,000	54,000	50,714	-6%
- document destruction	10,000	8,250	4,769	-42%
- furniture and equipment	25,000	22,000	28,254	28%
- general administration kitchen	50,000	40,000	36,896	-8%
- general administration other	15,000	12,500	2,979	-76%
- motor vehicle costs	2,000	2,000	1,361	-32%
- equipment repairs and maintenance	10,000	8,000	4,777	-40%
- stationery	40,000	33,000	25,673	-22%
Printing, postage and office expenditure	217,000	179,750	155,424	-14%
- communications	249,751	230,000	337,998	47%
- communications research	50,000	29,000	10,668	-63%
- internal audit and corporate governance	50,000	41,000	37,773	-8%
- legal HR	35,000	29,000	16,588	-43%
- legal Policy FOI	158,000	115,000	122,767	7%
- legal Enforcement DP	147,000	111,000	47,340	-57%
- specialist support forensics	40,000	30,000	17,416	-42%
- specialist support translations	5,000	4,100	1,218	-70%
- specialist support other	-	-	13,086	0%
- Policy research DP	72,500	52,500	38,750	-26%
- NAO audit fee	30,000	30,000	30,000	0%
- library and subscriptions legal	40,000	40,000	31,311	-22%
- library and subscriptions Wilmslow	15,000	12,500	8,709	-30%
- library and subscriptions regional offices	4,500	2,900	1,519	-48%
- professional subscriptions	10,000	10,000	13,221	32%
Other expenditure	906,751	737,000	728,364	-1%
Loss on disposal of Non-Current assets	-	-	-	
TOTAL OTHER COSTS	4,594,751	3,803,574	3,701,541	
PROVISIONS - UTILISED IN YEAR	8,154	6,795	7,580	
GROSS FISCAL DEL (A+B+C+D)	19,710,863	15,764,191	15,470,773	
Fee income	- 16,527,292	- 13,465,704	- 14,252,383	6%
CFERSs allowable as operating income				
Other income			50,000	
TOTAL INCOME	- 16,527,292	- 13,465,704	- 14,202,383	5%
NET FISCAL DEL (E+F)	3,183,571	2,298,487	1,268,389	
Depreciation	1,660,000	1,383,330	1,398,333	1%
Other non-cash				
TOTAL NON-CASH COSTS	1,660,000	1,383,330	1,398,333	
TOTAL RESOURCE DEL (G+H)	4,843,571	3,681,817	2,666,722	
RESOURCE AME				
Provision - increase/decrease				
Provisions - utilised in year	- 8,154	- 6,795	- 7,580	
Diminution of Fixed and Intangible assets				
NET RESOURCE AME	- 8,154	- 6,795	- 7,580	
CAPITAL DEL				
Tangible additions				
Tangible disposals				
Intangible additions	765,000	630,000	434,036	-31%
Intangible disposals				
NET CAPITAL DEL	765,000	630,000	434,036	
TOTAL CASH (G+K)	3,948,571	2,928,487	1,702,425	

>10% Overspend
>10% Underspend
<= 10% tolerance

